94-108

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September 17, 1994

VIA FEDERAL EXPRESS

Office of the Secretary
Federal Communications Commission
1919 "M" Street, N.W.
Washington, D.C. 20554

Subject: **PR File No. 94-SP6: Petition to Extend Rate Regulation Filed by the New York State Public Service Commission**

Gentlemen:

On behalf of Southwestern Bell Mobile Systems, Inc., we enclose herewith the original and four copies their response in opposition to the referenced Petition.

To evidence your receipt of these materials, please date stamp the photocopy of this letter which is also enclosed and return it to me in the pre-addressed, stamped envelope which has been provided for that purpose.

Respectfully submitted,

B.P. Oliverio

BPO/gg
enc.
cc: Southwestern Bell Mobile Systems, Inc.
New York State Public Service Commission
Attn: William J. Cowan, General Counsel

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O R I G I N A L

SEP 1 6 1994

United States of America
Federal Communications Commission
Washington D.C. 20054

94-108

In the Matter of

IMPLEMENTATION OF SECTION 3 (n) and
332 of the COMMUNICATIONS ACT

REGULATORY TREATMENT of MOBILE SERVICES

PR FILE NO. 94-SP6

RESPONSE IN OPPOSITION TO
PETITION OF THE STATE OF NEW YORK
TO EXTEND RATE REGULATION

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Utica Telephone Company and Pegasus Cellular
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Dated: September 17, 1994

TABLE OF CONTENTS

SUMMARY

The facts adduced by New York fall far short of demonstrating that market conditions with respect to commercial mobile service do not adequately protect subscribers from unjust or unreasonable rates. In fact, a fair review of industry data presented by New York shows that competition has and will continue to offer the consuming public the full benefit of a dynamic wireless communications market. It is incongruent that New York, which is widely recognized as a national leader in encouraging the development of competition, now seeks to continue as one of only eight states that regulates the rates and charges of commercial mobile service.

Even a brief review of New York's Petition shows that it has failed to meet the burden set forth in PL 103-66. The inferences drawn by New York from the industry data it presents are totally contrary to the data, which evidences instead that facilities based providers of commercial mobile services have created a competitive market. This market is characterized by generally decreasing rates and charges for service as well as equipment, larger calling areas, an increasing variety of ancillary services and extensive customer service organizations and, as one would expect in a competitive market, disparity in financial results and market shares.

New York's arguments with respect to market structure, rates, scope of services, return on investment, market share, consumer complaints and alleged anticompetitive acts do not support New York's contentions and, when considered in conjunction with other market characteristics, lead inevitably to the conclusion that the commercial mobile service market in New York is competitive.

For all of the foregoing reasons, New York's Petition to Extend Rate Regulation should be denied.

I. INTRODUCTION

Syracuse Telephone Company, Utica Telephone Company and Pegasus Cellular Telephone Company No. 3 (NY-4) are the respective Federal Communications Commission (the "FCC") licensees and New York State Public Service Commission (the "PSC") certified providers of cellular service in the Syracuse and Utica metropolitan areas and Rural Service Area #4 in the State of New York ("New York"). Each is an affiliate of Southwestern Bell Mobile Systems, Inc. ("SBMS"), which is in turn a wholly owned indirect subsidiary of Southwestern Bell Corporation, and SBMS submits this response on behalf of each in opposition to New York's Petition to Extend Rate Regulation (the "Petition").

Although forward looking and light regulation by New York has not precluded the development of commercial mobile (cellular) service in the state, the continuation of even such enlightened regulation in the presence of pervasive competition would thwart the full and free operation of competition. In any event, the facts adduced by New York fall far short of demonstrating that market conditions with respect to such services do not adequately protect subscribers from unjust or unreasonable rates or rates that are unjustly or unreasonably discriminatory". [1] In fact, a fair review of industry data presented by New York will show that competition has and will continue to offer the consuming public the

[1] The burden of demonstrating market conditions supporting an extension of regulation should be a heavy one. The "Act" (as such term is hereinafter defined) clearly states an intent to preempt state or local government authority to regulate the entry of or the rates charged by any commercial mobile service. Congress obviously endorsed the fundamental position that regulation is merely a substitute for competition and should be adopted only when competition is clearly inadequate.

full benefit of a dynamic wireless communication market.

New York's posture in this proceeding is curious. The PSC, which is widely recognized as a national leader in encouraging the development of competition, is now in a posture of seeking to continue as one of only eight states that regulates the rates of commercial mobile service.

II. FEDERAL LEGAL AND PROCEDURAL HISTORY

On August 10, 1993, the Omnibus Budget Reconciliation Act of 1993 (PL 103-66,107 Stat 312 et seq; the "Act") was enacted. Among other things, Section 6002 thereof amends Section 332(c)(3) of the Communications Act (47 USC 101 et. seq.) preempting state and local regulation of the entry or the rates charged by any commercial mobile service or any private mobile service. [2] Subparagraph (B) provides states which on June 1, 1993 regulated the rates for commercial mobile service the opportunity to petition the FCC requesting authority to continue to regulate rates. A petitioning state must demonstrate that market conditions with respect to such services fail to adequately protect subscribers from unjust or unreasonable rates. Since New York did regulate rates for commercial mobile services on that date, New York petitioned the FCC requesting that New York be authorized to continue exercising authority over such rates.

III. NEW YORK STATE REGULATION OF COMMERCIAL MOBILE SERVICES

[2] PL 103-66, Section 6002(B), 107 Stat 312, 394. The Act expressly reserves the rights of the various states to regulate the "other terms and conditions of commercial mobile services". (PL 103-66, Section 6002 (B) (3), 107 Stat 312, 394).

Cellular carriers are "telephone corporations" as defined in Section 2 of the Public Service Law of New York (the "PSL") and are subject to the provisions of the PSL and the rules and regulations promulgated by the PSC pursuant thereto. From the commencement of operations, cellular carriers for regulatory purposes have been considered "radio-telephone utilities" ("RTU's") as defined in part 645 of Title 16 of the Official Compilation of Codes, Rules and Regulations of the State (the "NYCRR"). No cellular carrier has challenged its characterization and regulation as such. As an RTU, a cellular carrier is exempt from specified parts of the rules and regulations applicable to telephone corporations, including regulation of rate of return (See 16 NYCRR Part 646.1) and subject to the PSC's 1980 Opinion in Case No. 27501 (PSC Opinion 80-9). That opinion allows RTUs to file tariffs containing maximum and minimum rates and to change the effective rates within the specified maxima and minima on short notice - notice to the PSC and affected customers not later than the day the revised rates and charges are to become effective. As a practice, such short notice changes are reviewed by the Department of Public Service Staff ("Staff"). Although cellular carriers are excepted from the quarterly and annual reporting requirements of 16 NYCRR Parts 640 and 641, the PSC in 1992 ordered that cellular carriers (as well as LECs and OCCs) provide abbreviated annual reports designed to facilitate the PSC's ability to monitor competition.

With respect to telecommunications in general, the PSC has officially recognized and reiterated a number of times that competition would be in the best interest of consumers and has taken a number actions to encourage such competition, most recently regarding local exchange service.[3]

IV. THE PSC HAS FAILED TO DEMONSTRATE THAT MARKET CONDITIONS IN NEW YORK WITH RESPECT TO COMMERCIAL MOBILE SERVICE DO NOT ADEQUATELY PROTECT SUBSCRIBERS FROM UNJUST AND UNREASONABLE RATES

In the Petition, New York stated that it is seeking "authority to continue to regulate cellular carriers . . . on the grounds that existing state regulation provides the necessary oversight to ensure the rates are just and reasonable and . . . not unjustly or unreasonably discriminatory."(Petition p. 2) Citing the FCC's Second Report and Order in this proceeding, the PSC concludes that "State rate regulation, as it is employed in New York, serves as a deterrence to anticompetitive, discriminatory practices."(Petition p. 3) New

[3] It seems clear that given all of the foregoing, New York will have created an environment to encourage even local exchange competition by and among a number of technologies by the middle of 1995. An industry governmental task force known as the "Telecommunications Exchange" was convened by Governor Mario Cuomo to address the future of telecommunications in New York State and concurred with the PSC's position supporting the development of a "network of networks" which would include wireline networks and wireless networks as well as CATV systems, all providing local exchange service. While there were antecedents, the PSC in its May 16, 1990 Opinion in what is commonly called the "Competition Proceeding", Case 29469, first articulated its position. The PSC has repeatedly cited that opinion in a number of proceedings since then and recently initiated another proceeding (Case No. 94-C-0095) to address unanswered questions regarding local exchange competition which arose in the course of the New York Telephone Company Incentive Regulation Proceeding (Case No. 92-C-0665) and the Rochester Telephone Corporation Restructuring (Case No. 93-C-0103). The Incentive Regulation Proceeding was initiated to determine a form of performance based regulation which would cause New York Telephone Company to act more as a competitive entity. In the Rochester Telephone Corporation proceeding, Rochester Telephone Corporation sought approval to restructure the corporation and open its service area to competitive local exchange service. Both cases were preliminarily resolved by stipulations. A hearing before an ALJ was had regarding the Rochester Telephone Corporation Stipulation and a recommended decision is expected shortly. A hearing with respect to the New York Telephone Company stipulation is expected shortly.

York goes on to assert that the market for cellular services is not fully competitive in New York and presents limited industry data and examples to support its conclusion that "rate regulation, as employed in New York serves as a deterrence to anticompetitive and discriminatory practices".(Petition p. 3) However, even a brief review of the Petition shows that New York has failed to meet the burden set forth in the Act.[4]

The PSC's citation and misuse of the FCC's recitation that the cellular market was not "fully" competitive illustrates the cavalier manner in which New York correlates supporting authority or data inappropriately with their desired conclusions. The full sentence from the Petition reads as follows:

> As the Commission concludes, the market for cellular service is not fully competitive (Order, para. 138) and, therefore, state regulation, as it is employed in New York, serves as a deterrence to anticompetitive and discriminatory practices. (Petition, p. 3).

A review of the full text of paragraph 138 in the Second Report and Order reveals not only that the material was taken out of context but, in fact, establishes a result precisely the opposite of that sought in the Petition. The first two sentences of paragraph 138 are as follows:

> Third, in the case of cellular service, the Commission has previously acknowledged that, while competition in the provision of cellular services exists, the record does not support a conclusion that cellular services are fully competitive. We conclude here, however, that the current state of competition regarding cellular services does not preclude our exercise of

[4] Since New York's petition in this matter is its only deviation from its repeatedly stated policy favoring competition, it is valid to assume that New York agrees with the FCC that where competition exists, there is no need for regulation over rates and charges or terms and conditions of service.

forbearance authority. (Second Report and Order, para. 138)

Similarly, the inferences drawn by New York from the industry data it presents are totally contrary to the data, especially when one considers the "light" regulation practiced by New York. Obviously, facilities based competitors have, as the FCC expected in 1981, created a competitive market. This competitive market is characterized by generally decreasing rates (including equipment), larger calling scopes, an increasing variety of ancillary services, including joint service, voice mail and other functionality, as well as extensive customer service organizations, and disparity in financial results and market shares.

In 1985, it was not unusual for a customer to pay more than $1,000.00 for a cellular telephone. Today, cellular telephone equipment can be purchased for less than $100.00. In 1985, customers had few service plans from which to choose to receive service to best satisfy their particular needs. Today, there are a great number of service plans from which a customer may choose, with additional functionality available on an elective basis as well. In 1985, despite the higher price for services, coverage by cellular systems seldom approached the limits of the licensed service areas and because of only a few cells being in operation, "holes" were common. Today, systems in most Upstate New York MSA service areas have been fully built-out and portable telephone service (1.2 watts) is now available from end to end. In 1985, roaming was in its infancy and $3.00 per day and 99¢ per minute were the national and state norm. Today, in Upstate New York, roaming rates per airtime minute among most carriers are 50¢ or less with no daily charge! In 1985, customer service was usually the sales manager's assistant and access to data was quite limited. Today, in Upstate New York the various carriers employ hundreds of individuals whose sole function is to provide customer service (and which in some cases is provided on a 24 hour basis) and do so with the assistance of extremely sophisticated, essentially real time databases. In 1985, billing and billing systems were cumbersome and frequently contained significant errors and inaccurate entries. Today, thousands of bills are sent each month, very few of which contain any inaccuracies whatsoever. In 1985, joint service and special services such as voice mail were not available. Today, a significant portion of the customer base enjoys these services. Today, some cellular carriers are already offering wireless data transmission.

Not one of these developments can be traced directly or indirectly to regulation by New York, whether of rates and charges or terms and conditions of service. All were driven by carriers responding competitively to the needs of the marketplace for wireless service. Even if one assumes regulation contributed to the development of competition in this market, New York has not shown that **continued** regulation is required.

A. **Market Structure; Substitute Services**.

Even assuming no substitute services as asserted by New York[5], the facts presented do not support the need for continuing regulation of rates, but instead indicate a vigorously competitive market place with continuing downward pressure on rates and charges and upward pressure on the scope and quality of services. The State makes much of the fact

[5] New York's claim that there are currently no effective substitutes for cellular service completely ignores paging and SMR services, one or both of which are available in each cellular market in New York State. In addition, PCS services will be available very shortly. Numerous parties with substantial resources are aggressively pursuing spectrum and will just as aggressively market PCS.

that there are only two licensed cellular carriers in each MSA or RSA as the case may be, claiming that "with but one real competitor . . .[there is] . . . less incentive to innovate or price competitively than . . . in a multi-vendor market".(Petition p. 4) That, of course, is a non-sequitur as evidenced by history and New York's own data.[6]

B. **Rates; Scope of Services.**

With respect to cellular rates, the State relies upon the following data:

i. cellular rates are considerably higher than those for local exchange service;

ii. revenue per airtime minute declined by 3% and revenue per access number declined by 8% between 1991 and 1992; and

iii. operating revenues in 6 MSAs increased 20% from 1991 to 1992, while airtime minutes of use increased by 24% and the number of access lines increased by almost 30% during this same period. (Petition p. 8)

From this information, the State concludes:

> On a broad basis, the declines in revenues per access number and revenues per air time minute **indicate that overall average prices are declining.** However, the rates for cellular service remain considerably higher than comparable landline services. (Petition p. 8; footnote omitted, emphasis added).

Thus, New York admits that the evidence indicates declining prices, but states that since they remain considerably higher than landline services, there must not be competition for the provision of cellular services! Such an inference is nonsense. The two services are not comparable on a number of grounds.

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[6] As the FCC and the great majority of states anticipated in 1981 and shortly thereafter, two facilities based cellular carriers, substitute services and the potential reseller's market do, indeed, create a competitive market.

By definition cellular service is mobile, while landline service is fixed. Cellular customers recognize the value of the freedom provided by cellular service, the increased productivity cellular service makes possible and other related benefits. As a result, cellular customers are willing to pay more for such service than they will pay for the more limited landline service. That is the essential element of the industry since the costs of providing cellular service are higher per access line than those for landline service, especially when one considers the costs of obtaining new customers. In addition, cellular systems are based upon newly introduced technology, require investment per access line well in excess of that for landline service and are growing at a much more rapid rate than landline service, thus devouring large amounts of capital. Finally, New York's analysis completely ignores the significant subsidy supporting residential landline telephone service. [7] Quite recently, the wireline cellular carriers in upstate New York introduced a program which substantially reduced roaming rates. See Exhibit A attached hereto.[8] This reduction was immediately met by a corresponding reduction from the non-wireline cellular carriers, the speed of such response indicating that the non-wireline carriers had been considering doing so of their own initiative. Obviously, all carriers are responding to the needs of the market place and such behavior - meeting or beating the competition - indicates vigorous competition among the parties. In addition the "footprints" of the cellular systems are constantly being expanded by construction of additional cells and intercarrier agreements so that non toll

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[7] In a recent analysis by Staff, the subsidy for residential service provided by New York Telephone Company was found to be $13.00 per access line per month.

[8] Exhibit A and other exhibits hereto consist of print materials which appeared in one or more newspapers of general circulation in the related service area.

cellular calling areas are larger by far than local calling areas for landline service. See Exhibits B and C attached hereto.

There are two other elements of the rates and charges associated with the provision of cellular service which were completely ignored by New York in its petition. New York failed to consider equipment costs (which are not regulated) and ancillary services (which may or may not be regulated by New York.)

One of the critical elements in the growth of the cellular industry has been the continuing decline in the price of equipment which has minimized the initial costs of obtaining mobile service. It is not unusual in upstate New York to be able to purchase a high quality cellular telephone for less than $100.00. See Exhibits C and D attached hereto. Declining equipment prices, too, must be factored into the FCC's consideration of New York's request.

There is more to competition than merely rates and charges. Ancillary services are an element of competition among cellular carriers as well. These include feature functionality, joint service and special services such as voice mail. Roaming and enlarged service areas are also part of the competitive equation. Finally, the availability of an extensive customer service organization also serves to distinguish the quality of service provided by a carrier. In evaluating the competitiveness of commercial mobile service, anything short of consideration of the full panoply of industry services is an incomplete analysis.

C. Return on Investment.

The disparity in return on common equity among cellular carriers shows competition is working. The State cites the greatly disparate return on equity results and, incredibly, asserts that:

> While not dispositive of the competitiveness of the market, the returns of several of the companies are clearly higher than traditional regulated landline companies and most unregulated high tech companies. These findings **suggest that there is the potential** for rates to become unjust and unreasonable, absent continued regulatory oversight. (Petition p. 9; emphasis added.)

Such a conclusion is even more superficial than New York indicates. Return on common equity is a misleading ratio when used to measure the operating performance of any entity. Such a return is greatly influenced by the debt to equity ratio of the entity and, accordingly, is meaningful only to shareholders. In many cases, the ultimate parent entities of cellular carriers are large organizations with a substantial net worth. Depending on management preferences, cellular carriers could be very highly leveraged or leveraged not at all. As a result, comparing the return on common equity of any two entities gives no indication of the efficiency of operations or, for that matter, the rates and charges of each.

A more valid conclusion is that the disparity in return on common equity shows that there are some "winners" and some "losers" among the providers of cellular services. The customer always wins in this scenario. In other words, competition is working well!

D. Market Share.

Market share data presented by New York also supports the existence of effective competition. New York reviews this information evidencing substantial disparity in market shares in a number of MSAs or RSAs and concludes from this data that it "**may indicate** that one company has a dominant position and that absent continued oversight could have the incentive and opportunity to engage in anticompetitive pricing." (Petition p. 9)

Obviously, even New York recognizes this information does not allow a reasonably valid conclusion to be drawn. In fact, that information could well support the conclusion that vigorous competition exists in each market. A 20% market share is well above the market share that is generally regarded as necessary to be able to compete in telecommunications. Accordingly, a carrier having such a market share will be able to introduce aggressive pricing, new features and other value added for customers in an attempt to gain market share. It would follow that no carrier would accept a 20% market share voluntarily. Even the continuation of significantly different market shares, however, can be the result of competition. The competitor holding the larger market share is able to and could respond to such aggressive marketing actions to avoid the loss of significant share, i.e. the carriers compete.

E. Consumer Complaints.

Similarly weak is New York's analysis of the number of consumer complaints. (Petition p. 9) Even New York admits that the level is "relatively low", but claims the number is "increasing significantly" (Petition p. 4). Without a period to period comparison or a comparison with other segments of the telecommunications industry, any analysis of consumer complaints is of little validity. Notwithstanding these limitations on the data presented by the State, it is clear that any increase in complaints must also be measured against the increase in the number of access lines, which New York reports has been approximately 30% per year.(Petition p. 8) Accordingly, the lack of consistent information and New York's failure to consider access line growth rates makes any consideration of the number of consumer complaints as a measure of competitiveness totally invalid.

That the number of complaints of cellular customers is "relatively low" is directly traceable to competition: customer service is a critical element of the aggregate service offering. Customers i.e., market share, are vigorously contested. It is also not surprising that the great majority of complaints received by the PSC are in the process of being resolved by the serving carrier and are usually completely resolved without any intervention. See Exhibit E attached hereto regarding customer satisfaction survey results and Exhibit C (last bullet point).

F. Alleged Anticompetitive Practices.

In the next section of the Petition, New York, citing **only** two occurrences of allegedly anticompetitive practices, seeks to justify its need for continuing general regulation of rates and charges. In fact, neither incident requires extension of PSC rate regulation. One involves a close call regarding favorable rates for "associations". The other involves merely an interim order that may well have exceeded the PSC's existing jurisdiction.

The first cited incident involves a special pricing plan proposed for law enforcement organizations. New York accurately reports that the proposed special pricing plan was withdrawn when staff informally determined the plan to be discriminatory. However, over the years, Staff has over the years allowed a number of associations with relatively weak affiliations to receive favorable rates. For example, in almost every cellular service area, members of real estate boards and construction industry associations are provided with favorable rates and participation in such associations is generally not policed by carriers or Staff. In fact, there are some amusing anecdotes regarding the basis upon which certain individuals have been allowed to receive the favorable rates granted to the loosely affiliated groups, usually in response to competitive pressure. The special pricing plan for law enforcement associations was no more offensive than previously accepted plans for other associations. That the cellular carrier withdrew the plan should also not be taken as its agreement that the plan was discriminatory, but rather a business decision that implementing the plan was not so beneficial as to justify the disagreement with Staff. To conclude that the introduction and withdrawal of that plan supports "continued regulation to ensure a seamless network and access to emergency services"(Petition p. 10) is certainly not supported by the facts.

The other incident cited by New York involved "a dispute between two cellular companies regarding roaming rates" and was much too briefly presented. Upon full elucidation of the circumstances, it should be evident that these issues regarding intercarrier roaming rates do not support the demonstration Congress requires by New York. The dispute involved two adjacent cellular carriers, one of whom refused to enter into a roaming agreement with the other at rates demanded by the other. The same matter was brought to the attention of the FCC in 1992 (See File MSD 92-36). No action was taken by either the PSC or the FCC until 1993 when a "supplemental complaint" was filed, asserting that certain actions by one of the carriers blocked access to "911" and other emergency services when customers of one carrier were roaming in the service territory of the other. (See FCC File No. E-93-86).

Despite immediate corrective action by the offending carrier regarding the apparently triggering event, the PSC responded to such blocking by issuing an order going well beyond the "911" issue. The order issued by the PSC (i) mandated an interim roaming agreement at a rate proposed by Staff pending a hearing on the merits and (ii) initiated a proceeding to determine the merits of the underlying dispute. The responding carrier then commenced an action in the New York courts to have that order vacated on the grounds it exceeded the jurisdiction of the PSC.[9] In the proceeding initiated by the PSC, the responding carrier has sought dismissal of all but two issues - the authority of the PSC to render such an order (which even the complainant agreed was an issue) and **if** such jurisdiction is found, whether such a mandate should be issued. Thus, New York is seeking the continuation of rate regulation on the basis of an interim order the propriety of which has not yet been determined.

V. NEW YORK HAS FAILED TO MEET THE BURDEN SET BY CONGRESS AND ITS PETITION SHOULD BE DENIED

New York has failed to show that market conditions do not adequately protect commercial mobile subscribers without regulation of rates. Since New York failed to demonstrate that market conditions do not adequately protect cellular subscribers, it has failed to meet the burden Congress set forth in the Act.

New York could not present any data showing its request to extend rate regulation is consistent with not only the competitiveness of the industry, but also the "light" regulation of commercial mobile service practiced by New York. By their own admission, the PSC has been acting only in cases where tariffs were viewed as discriminatory (and not necessarily consistently so) allowing competition to govern the market place. (Petition p. 6) As the

[9]This matter was argued in February of 1994 and a decision has not yet been rendered.

data presented by New York truly indicates, competition has done so quite well.

In addition, New York has failed to demonstrate that its regulatory objectives (presumably to deter competitive and discriminatory practices) cannot be achieved by continuing to regulate other terms and conditions of commercial mobile service as Congress provided. The industry data presented by New York does not support the conclusions drawn. Continuing regulation of terms and conditions as contemplated by the Act along with minimal annual reporting as now required by the PSC will permit the PSC to monitor the industry and competition and to intervene in appropriate circumstances, if any should arise.

For all of the foregoing reasons, New York's petition to extend its authority to continue to regulate rates and charges should be denied.

Respectfully submitted.

SOUTHWESTERN BELL MOBILE SYSTEMS, INC.
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By: ______________________
B.P. Oliverio, Esq.

CERTIFICATE OF SERVICE

I HEREBY certify that the copy of the foregoing Response In Opposition To Petition Of The State Of New York To Extend Rate Regulation of Southwestern Bell Mobile Systems, Inc. was served on this 17th day of September, 1994 via Federal Express to the Office of the Secretary of the Federal Communications Commission, 1919 "M" Street, N.W., Washington, D.C. 20554 and William J. Cowan, General Counsel of the New York State Public Service Commission, Three Empire State Plaza, Albany, New York 12223.

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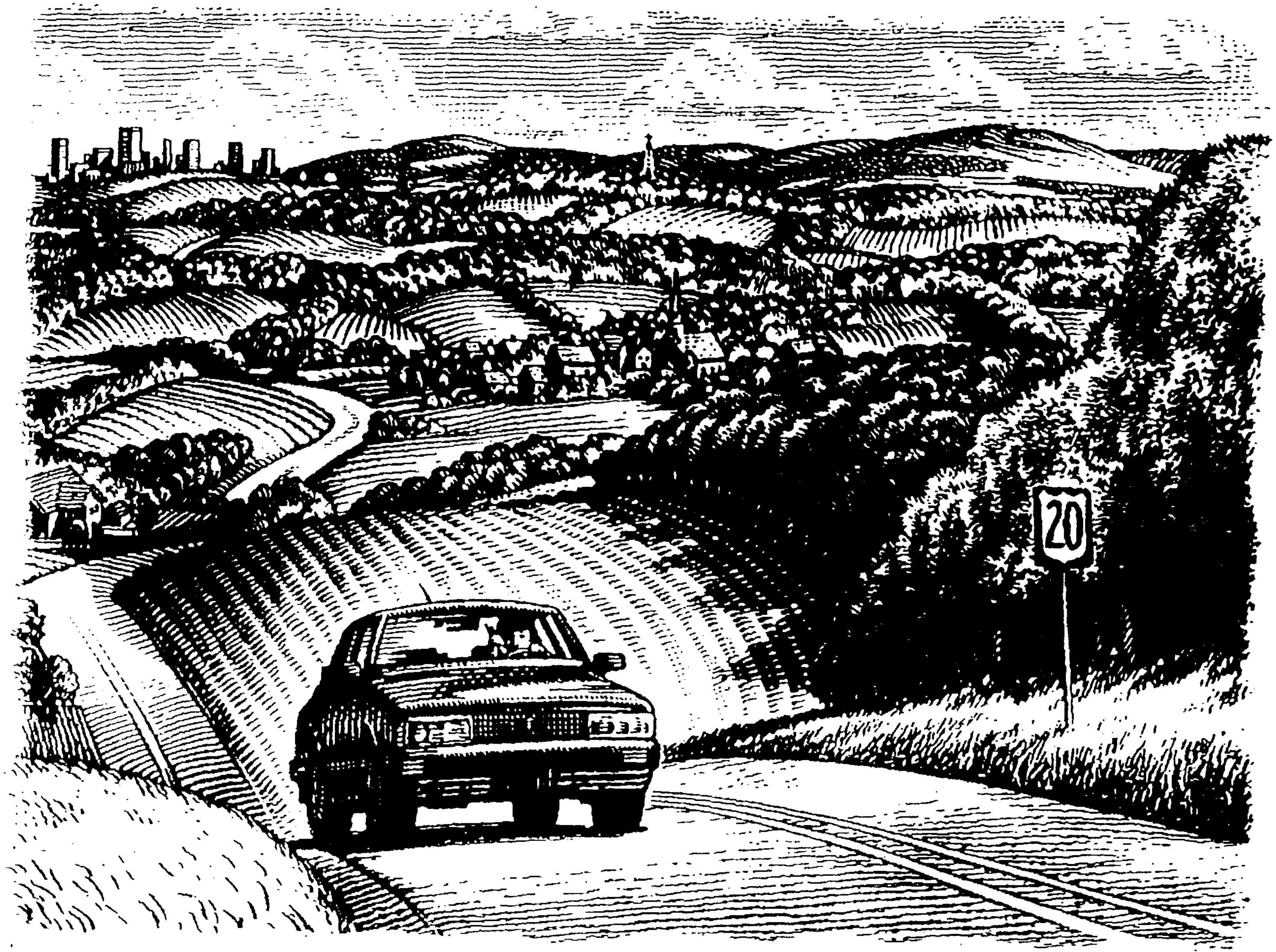


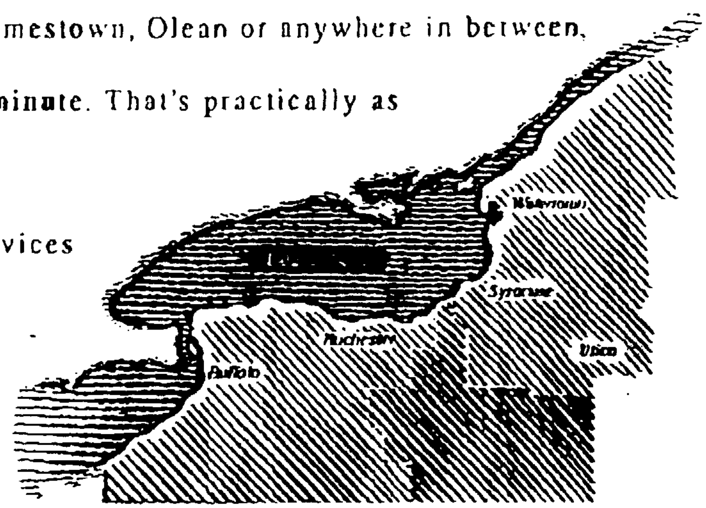
OUR NEW PARTNERSHIP IS SO SERIOUS ABOUT

OUR NEW PARTNERSHIP IS SO SERIOUS ABOUT PUTTING CUSTOMERS FIRST, WE CUT ROAMING RATES EVEN BEFORE WE NAMED THE COMPANY.

When NYNEX Mobile, Rochester Tel Mobile and Advantage Cellular teamed up, our first thought wasn't about giving ourselves a name. It was about giving our customers the best cellular service possible. For starters, we're providing the widest cellular coverage area in upstate New York. And dramatically reduced roaming rates—the cellular service charge for calling from outside your home area.

Now, whether you call from Buffalo, Rochester, Jamestown, Olean or anywhere in between, you'll get the same low roaming rate of 36 cents per minute. That's practically as inexpensive as calling from your home.

This is just the first of many exciting cellular services you'll be seeing from our new partnership. Call us at 800-824-2604, ext. 444, for all the details on our new roaming rates. After all, there's no reason to wait for our new name when you've already got our number.



Current Upstate Roaming Area Projected 1995 Roaming Area